

State of the Union [Address] Drafts [1/19/78] [3]

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Draft 7

1/19/78

Ralph

Mr. President, Mr. Speaker, Members of the

95th Congress, ladies and gentlemen:

We come together tonight at a solemn time.

~~We come together tonight at a time of sorrow.~~

Last week the Senate lost a good and honest man,

Lee Metcalf of Montana. Today the flag of the

United States flew at half-mast from this Capitol

building and from American installations and ships

all over the world, in mourning for Senator Hubert

Humphrey.

*
to p 39

Many of you in this room worked with Senator

Humphrey every day for most of your lives in public

service, and you will miss him in a special way.

But his absence is felt just as keenly by millions

who never met him, but whose lives were touched and

made better by his.

Cut
either
this
paragraph
or
the
next.
Too much
****.

*
to p 39

Because he exemplified so well the joy and zest of living, his death reminds us not so much of our own mortality but of the possibilities offered to us by life. ~~Hubert Humphrey~~ ^{He} always looked to the future with a special American kind of confidence, of hope and enthusiasm. The best way we can honor him is by following his example.

One year ago tomorrow, I walked ~~from near this~~ ^{from here} spot to the White House to take up the duties of President of the United States. I return tonight to fulfill one of those duties: to "give to the Congress" -- and the nation -- "information on the state of the Union."

Militarily, politically, economically, and in spirit, the state of our Union is sound.

* * *

We are a great country, a strong country, a
vital and dynamic country -- and so we will remain.

We are a confident people, a hard-working people,
a decent and compassionate people -- and so we will
remain.

I want *tonight*
~~I have come~~ to speak to you about where we are,

too
imperial
and where we must go -- what we have done, and what

we must do -- and ~~I have come~~ to pledge my best

efforts, and to ask you to pledge yours.

Each generation of Americans *has to face*
~~faces~~ circumstances

not of its own choosing, by which its character is
measured and its spirit ^{is} tested.

[We cannot design our challenges, but we can
determine the response we make. Whether our answers
are fainthearted or courageous is entirely within

our control. If we respond timidly we will regret
our weakness.]

There are times of ^{emergency} ~~crisis~~, when a nation and
its leaders must bring their energies to bear on a
single urgent task.

That was the duty ^{Abraham} Lincoln faced when our land
was torn apart by ^{conflict} ~~war~~. That was the duty ~~twice~~ faced ^{twice}
by Franklin Roosevelt: when he led America out of
economic depression, and again when he led America
to victory in war.

There are other times when ^{there is no} ~~not~~ single overwhelming
crisis ~~exists~~ -- yet profound national interests
are ~~nonetheless~~ at stake.

At such times the risks of inaction can be equally
great. It becomes the task of leaders to call forth

the vast and restless energies of our people to build
for the future.

That is what Harry Truman did in the years after
the Second World War, when we helped Europe and Japan
rebuild themselves and secured an international order
that has protected freedom from aggression.

It is what Andrew Jackson did when he advanced
a vision of popular democracy against the rise of
privilege -- what Theodore Roosevelt did when he put
forward progressive reforms ~~against the growing~~
~~heartlessness of the Gilded Age~~ -- what Woodrow Wilson
did when he stood before the American people in 1913
and affirmed that "Our duty is to cleanse, to
reconsider, to restore, to correct the evil without
impairing the good, to purify every process of our
common life."

Cut?
maybe
T. R.

We live in such times, ^{now} -- and face such duties. ~~a~~

~~now.~~

We have come through a long period of turmoil
and doubt, ^{but we} ~~we~~ have once again found our moral ^{course} ~~bearings~~
and with a new spirit we are striving to express our
best instincts to the rest of the world.

We are at peace here at home, where we are ^{finding} ~~rediscovering~~ ^{again} the common good that binds us together
as a people.

→ This sense of unity cannot be expressed in
programs, legislation, or dollars. It is an achieve-
ment that belongs to every individual American. There

^{all} ^{our} ^{growing} ^{and common purpose}
is ^{across} ~~this~~ land a ^{sense of peace} ~~triggered by~~

~~a strong common purpose in America.~~ This unity

towers over all our efforts here in Washington, and

serves as an inspiring beacon for all of us elected
to lead. *Serve.*

This new atmosphere demands a new spirit -- a
newly defined partnership between those who lead and
those who elect. The *treasures* ~~currents~~ *rewards?* of this partnership
are truth, the courage to face hard decisions, concern
for one another, and a basic faith and trust in the
wisdom and strength of the American people.

For the first time in a generation, we are not
haunted by
(~~preoccupied~~) with a major international crisis or by
domestic turmoil, and

~~Together,~~ we now have a rare and priceless
opportunity to address the ~~basic and~~ persistent problems
which ~~have long~~ burdened us as a nation and which
became quietly and steadily worse over the years.
~~when we were preoccupied with crisis.~~

* * *

As President I have ^{had to} asked you ~~for~~ the members of
Congress, ^{and} ~~and you,~~ the American people ~~--~~ ² to come to
grips with some of the hardest questions facing our
society.

We must make ^{a maximum} the effort -- because if we do not
aim for the best, ~~(despite our limitations and~~
~~difficulties)~~ ^{are likely to} we ^{will} achieve very little.

I see no benefit to the country if we wait,
^{because} ~~for delay would simply make our later choices more~~
~~difficult.~~ The problems ^{will} ~~would~~ only grow worse, ~~the~~
~~needed solutions more drastic.~~

We need patience and good will, ~~but patience~~
~~must not become indifference, and good will must not~~
~~become complacency.~~ ^{and we need to}
^{realize that}

There is a limit to the role and function of government. Government cannot solve all our problems, set all our goals, or define our vision. Government cannot ~~alone~~ eliminate poverty, provide a bountiful economy, reduce inflation, save ^{our} cities, cure illiteracy, provide energy, nor mandate goodness. ~~Only a true partnership among us all can hope to reach these goals.~~ ^{government and the private sector?} ^{between government and the people}

Those who govern can sometimes inspire, and we can identify needs and marshal resources, ^{but we cannot be the managers of everything and everybody.}

~~Furthermore,~~

We must move away from crisis management and establish ^{clear} ~~long-range~~ ^{for the future} goals which will let us work ^{together and not in conflict.} ~~with harmony and not dissension.~~ Never again should

we neglect ^{a growing} ~~an impending~~ crisis like the shortage of energy, where further delay will ^{only} lead to more harsh and painful solutions.

~~Day after day, month after month, our dependence~~
~~on foreign oil drains from our economy resources we~~
~~cannot afford to lose. Last year we spent \$45 billion~~
Every day we spend more than \$120 million
~~for foreign oil. This dependence on foreign oil slows~~
lowers
our economic growth, ~~erodes~~ the value of the dollar
unemployment and
overseas, and aggravates *inflation* at home.

We know we have to act. We know what we must
do: increase energy production, *cut down on waste,* ~~promote conservation,~~
use more of
and ~~shift consumption toward~~ those fuels which are
and
more permanent, and plentiful, We must be fair to
not damage our nation's
our people, and ~~consistent with our long-range~~

~~objectives for the economy and the budget. Nothing effects~~
~~the economic well being of our people more than our~~
~~energy problems.~~

It sounds simple, but
I recognize the difficulties involved. I know
for the Congress to act.
it is not easy, But the fact remains that, *we have failed the American people.* Almost

five years after the oil embargo dramatized the
problem, we still do not have a national energy
program. Not much longer can we tolerate this stalemate.

7-11

It undermines our national interest ^{both} at home and
abroad. We must succeed, and we will!

Our main task at home this year, ^{with energy a} ~~with the energy a~~
~~policy a central element,~~ ^{central element,} is the ^{nation's} economy. We must
^{Continue the} ~~ensure that recovery is sustained,~~ ^{and further cut} that unemployment
~~continues to decrease, and that the rate of inflation~~
~~is reduced.~~

* * *

Last year was a good one for the United States.

We reached ^{our} ~~the~~ major economic goals for 1977.

Four million new jobs were created -- an all time
record -- and the number of unemployed dropped by
more than a million. Unemployment is at its lowest
level since 1974, and not since World War II has
such a high ^{percentage} ~~proportion~~ of our people been employed.

The rate of inflation ^{went down} ~~declined~~. There was good
growth in ^{business} ~~corporate~~ profits and ~~business~~ investments --

7-12

the source of more jobs for our workers -- and a

higher standard of living for all our people. *After taxes and inflation, there was a healthy increase in workers' ~~real~~ wages, increased substantially.*

This year, our country will have the first two trillion dollar economy in the history of the world.

We are proud of ^{the} ~~this~~ progress, ^{this first year,} ~~and determined~~ *but we must*
do even better.
~~to sustain it.~~

~~But~~ ^{serious} ~~we~~ still have ^{on} ~~severe~~ problems, which all
of us must ^{work} ~~address~~ together. Our trade deficit is
too large, inflation is still too high, and too many
Americans still ^{do not have a job.} ~~cannot find work.~~

I have

~~There are~~ no simple answers for these problems.

~~They involve complicated questions of resources,~~

~~and historical change that are beyond the power of~~

~~any government fully to control.~~ But we have developed

7-13

^{an} ~~a coordinated~~ economic policy that ^{is working,} ~~will work,~~ because
it is sensible, balanced, and fair. It is based on
~~these~~ four principles:

-- First, the economy must keep on expanding to
produce the new jobs our people need. Only through
steady growth can American workers continue to enjoy
higher ~~real~~ incomes. The fruits of growth must be
widely shared. More jobs must be made available for
those who have been by-passed until now, and the
tax system must be made fairer and simpler.

-- Second, private business, not the government,
must lead the expansion.

-- Third, we must lower the rate of inflation and
keep it down. Inflation slows down economic growth,
and it is most cruel to the poor and to the elderly
and others who live on fixed incomes.

2

7-14

-- Fourth, we must contribute to the strength
of the world economy.

~~— pause —~~

I will announce proposals for ^{improving} ~~immediate tax~~
~~our tax system~~
~~reform and tax reduction~~ later this week. We can

make our tax system fairer; we can make it simpler and
easier to understand; ~~we can eliminate unwarranted~~
~~loopholes and special privileges;~~ and at the same
time we can -- and ^{we} will -- reduce the tax burden on
American citizens by \$25 billion!

These tax reductions ^{will} ~~are necessary to~~ help us
continue the steady economic expansion ~~that will~~ ^{and}
create the jobs we need.

~~— pause —~~

Almost \$17 billion in income tax cuts will go
to individuals. Ninety-six percent of American
taxpayers will see their taxes go down. For a typical

7-15

family of four this will mean an annual savings of
more than \$250 -- a tax reduction of about 20 percent.

A further ^{cut} ~~reduction~~ of \$2 billion in excise taxes will
give ^{more} ~~additional~~ relief and directly reduce the rate
of inflation.

~~The rest of the total tax reduction will be~~
We will also ~~reduce~~
~~in business taxes to provide strong additional~~
in order
business
incentives for investment through substantial cuts
in corporate tax rates and improvements in the
investment tax credit.

*why
bring
this
up
now?*

~~X X X~~

You have been called upon to sacrifice so that
the Social Security system can be saved from
bankruptcy, but these tax cuts will more than compensate
for the necessary increases in the Social Security tax.

— pause —

Our tax proposals will increase opportunity
everywhere in this nation, but additional jobs for

the disadvantaged deserve special attention.

We have ^{already} passed laws to assure equal access to
the voting booth, ^{to schools} ~~the restaurant~~, to housing, and
to jobs. But job opportunity -- the chance to earn a
decent living -- is also a basic human right which
we cannot and will not ignore.

A major priority for our nation is the final
elimination of barriers that restrict the opportunities
available ^{to women, and} to Black people, Hispanics, and other
minorities. We have come a long way toward that goal, ^{but}
there is still much to do. ^{what we inherited from the} ~~The legacy of the~~ past
must not be permitted to ^{shackle us in the} ~~hamper~~ our future.

[Our commitment to equal opportunity is strong.
Our resolve is unshakeable to build an America in which
all our citizens freely enjoy the benefits and
responsibilities of democracy.]

7-17

We can enhance harmony among our people, honor our commitment to the jobless, and pay tribute to one of the most beloved leaders in the history of our nation -- by passing the revised Humphrey-Hawkins bill this year!

I am asking for a substantial increase in funds for public jobs for our young people, ~~and when welfare reform is completed~~ *we will have* ~~for creation of~~ more than a million ^{additional} jobs for those on welfare who are able to work. *and* I am also recommending that the Congress continue the public service employment programs at more than twice the level of a year ago.

~~However, I am certain that we know that in~~
~~in~~ our free economy, private business is still the best source of new jobs. Therefore, I ~~will~~ ^{also} propose ~~to the Congress~~ *to encourage* a new program of ~~incentives for~~

businesses to hire young and disadvantaged Americans.

These young people only need skills -- and a chance --
in order to take their place in our economic system.

Let's give them the chance they need!

** Pause - **

My budget for 1979 addresses our national
needs, but it is lean and tight.

I am proposing an
~~Expenditures will increase~~ *of* less than two percent
after adjusting for inflation -- the smallest increase
the federal budget in
in four years.

- Pause -

I have cut waste wherever possible.

Lately, *taxes have*
~~Over the past few years,~~ Federal spending has
taken
~~absorbed~~ a steadily increasing portion of what

Our
Americans produce. ~~The~~ new budget reverses that

trend, and later I hope to bring the government's *to*
~~share~~ down even further.

In time of high employment and a strong economy,
deficit spending should not be a feature of our budget.

As the economy continues to gain strength and our
unemployment rates continue to fall, revenues will

grow. With careful planning, efficient management,

and proper restraint on ^{spending} expenditures, we can ~~move~~ ^{start} move rapidly
~~moving~~ toward a balanced budget. That is what we
will do.

Next year the budget deficit will be only
slightly less than this fiscal year -- but ^{the deficit} would
have been \$15 - 20 billion smaller without the
necessary tax cuts I have proposed.

This year the right choice ~~is the only proper~~
~~choice~~ ^{the} is to reduce the burdens on taxpayers and
^{provide more jobs for our people,} in order to
~~keep the unemployment rate going down, and~~ promote
vigorous economic growth necessary to reach a balanced
budget as rapidly as possible.

* * *

7-20

The third element in our program is a renewed
attack on inflation. We have learned ^{the hard way} that high
unemployment will not ^{prevent or cure} ~~free us from~~ inflation.

Government can help ^{by stimulating} ~~to revitalize~~ private investment
and ^{by maintaining} ~~can maintain~~ a responsible economic policy, ~~both~~
~~of them essential to sustained growth.~~ ^{and} ~~in~~ Through a new
top level review process, we will do a better job of
reducing ~~excessive~~ government regulation that drives
up costs and prices. ^{It} ~~But~~ ^{again,} government alone cannot
bring down the rate of inflation. When a level of
high inflation is expected to continue, companies
raise prices to protect their profit margins against
prospective increases in wages and other costs while
workers demand higher wages as protection against
expected price increases. It's like escalation in the
arms race, and, understandably, no one wants to
disarm alone.

7-21

No one firm or group of workers can halt this process. It is an effort we must ^{all} make together.

I am therefore asking government, business, labor, and other groups to join in a voluntary program to moderate inflation by holding ~~the rate of~~ wage and price increases in each sector of the economy during 1978 below the average ^{increases} ~~rate~~ of the last two years.

I do not believe in wage and price controls.

~~price~~
A sincere commitment to voluntary constraint provides a way -- perhaps the only way -- to fight inflation without government interference, ~~or coercion~~.

* * *
Economic Success
~~A successful economic program~~ at home is also

the key to success in our international ^{economic} policy.

~~Adopting~~ An effective energy program, ~~encouraging~~ ^{strong} investment and productivity, and ^{controlled} ~~controlling~~ inflation

7-22

will improve our ^{trade} balance ~~of payment position~~ and ^{help to}
protect the integrity of the dollar overseas. A
~~strong U.S. economy will promote recovery throughout~~
~~the world.~~

By working closely with our friends abroad we
can promote the ^{economic} health of all ^{other} ~~our~~ nations, and
conclude fair and balanced agreements lowering
barriers to trade.

Despite the inevitable pressures which
develop when the world economy suffers from high
unemployment, we must firmly resist the demands
for self-defeating protectionism. But free trade
must also be fair trade. ^(pence) I am determined to
protect American industry and workers against
unfair or illegal foreign trade practices. ^(pence)

* * *

I have outlined several

outlined
~~In our~~ other domestic initiatives, ~~our aim~~

in a separate written message to Congress which
~~will be to deal with the questions that have been~~

I will not repeat tonight, but there are several
~~too long neglected, to seize the opportunity to~~
other points I would like to make directly to you.
~~correct mistakes and to prepare for a better future.~~

We will seek reform of our labor laws, and the

establishment of an agency to protect the nation's

consumers. We will reform our programs of nuclear

licensing, crop insurance, and leasing on the outer

continental shelf, and improve the basic skills of

our children with a major education initiative.

We will be working to reform our welfare system, and

to begin considering an urban policy and a national

health care system. And we will seek to preserve

our last great frontier wilderness by creating national

parks and wildlife refuges from 92 million acres of

Alaskan public lands. Not since the days of Theodore

*Must
we
do -
or
at
least
must
we
talk
about
all
this?*

7
1

Roosevelt have we had such an opportunity to protect
and preserve our natural heritage.

Peace
Americans
During these past years we have seen our
government grow far from us.

For the average citizen it has become *almost* like
a foreign country, so strange and difficult that
often we have to deal with it through trained
who have sometimes become too powerful and influential --
ambassadors, *and* lawyers, lobbyists, and accountants,

This cannot go on.

We must have what Abraham Lincoln sought --
a government for the people.

Together we have made progress toward that kind
of government. You have given me the authority I
requested to reorganize the Federal ~~government~~
bureaucracy, and I am using it.

7-25

We have already begun a
series of *will be*
Three reorganization plans ~~were~~ completed last
over a period of three years.
~~year and I will present several others to the~~
~~Congress for action this year.~~

also
already
We have ~~proposed~~ abolishing almost 500 Federal
advisory commissions and boards.

I know that
But ~~our~~ people are still sick and tired of
Federal paperwork and red tape. Bit by bit we are
chopping down the thicket of unnecessary Federal
regulations by which government too often interferes
in our personal lives and business. ~~OSHA alone has~~
~~eliminated more than a thousand unneeded regulations,~~
~~and~~ overall we have cut the public's Federal paperwork
load by 12 percent. *And we are not through*
we will keep cutting.

We have made a good start on turning the
*G*oggledygoos of Federal regulations into plain English
that people can understand, but we still have a

long way to go.

We have brought together parts of eleven government agencies to create the new Department of Energy -- and now it is time to take another major step by creating a separate Department of Education.

Next month, I will submit to Congress a plan to reduce discrimination in employment, and other plans will be submitted later this year.

But even the best-organized government will only be as effective as the people who carry out its policies.

For this reason, I consider Civil Service reform to be absolutely vital.

Worked out with the civil servants themselves, these changes will reward ^{good work} ~~excellence by restoring~~ the

7-27

merit principle to a system which has grown ~~over~~
~~the years~~, into a bureaucratic maze. This will
~~protect our civil servants~~, provide greater management
flexibility, *and better rewards for better*
~~and increase incentives for good~~
performance.

Then and only then can we have a government
that is efficient, open, and truly worthy of our
people's understanding and respect.

I have promised we will have such a government.

I will keep that promise.

* * *

In our foreign policy, the separation of our
people from government has been a source of weakness
and error. In a democratic system like ours, foreign

7-28

policy decisions must be able to stand the test of
public ^{examination} ~~scrutiny~~ and debate. If we ^{make a mistake} ~~err~~ in this
Administration, it will be ^{because we are too} ~~on the side of~~ frankness
and openness.

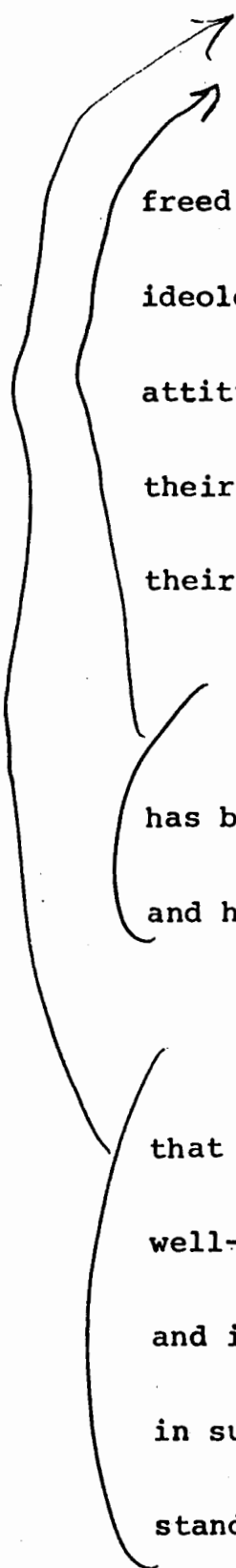
In our modern world when the deaths of millions
can result from a few terrifying seconds of
destruction, the path to national strength and
security is identical with the path to peace.

^{I am happy to report that because we are strong}
Tonight, our nation is at peace with the world.

^a We are ~~strong and~~ confident ^{nation}. We have

restored a moral basis for our foreign policy. The ^{very}
heart of our identity as a nation is our firm
commitment to human rights.

7-29



Thousands of political prisoners have been freed. The leaders of the world -- even our ideological adversaries -- now see that their attitude toward fundamental human rights affects their standing in the international community and their relations with the United States.

* * *

We expect no quick or easy results, but there has been significant movement toward greater freedom and humanity in several parts of the world.

We stand for human rights because we believe that the purpose of government is to promote the well-being of its citizens. This is true in our domestic and in our foreign policy. The world must know that in support of human rights the United States will stand firm.

7-30

To serve the interests of every American,
our foreign policy has three major goals.

Our first and prime concern is and will remain
the security of our country.

Security is based on ^{our national will and on} the strength of our
armed forces. ^{Commitment} ~~And~~ ^{We have the will, and} militarily we are ^{very} strong.

Security also comes through the strength of
our alliances. We have reaffirmed our commitment
to the defense of Europe, and this year we will
demonstrate that commitment by further modernizing
and strengthening our military capabilities there.

Security can also be enhanced by agreements ~~which~~
^{with potential adversaries}
which reduce the threat of nuclear disaster while
maintaining our own relative strategic capability.

7-31

In our peaceful competition with the Soviet
Union we will continue to ^{more than} hold our own.

At the same time we are negotiating with quiet
confidence, without haste, with careful determination,
to ease the tensions between us and to ensure greater
stability and security.

The Strategic Arms Limitation Talks have been
difficult and prolonged. We want a mutual limit on
both the quality and quantity of the giant nuclear
arsenals of both nations -- and then actual reductions
in strategic arms capability as a major step toward
ultimate elimination of nuclear weapons from the
face of the earth.

If the talks result in an agreement this year --
~~and I trust they will~~ -- I pledge to you that the
~~and I trust they will~~

agreement will maintain and enhance the security of
the United States, and the stability of the world's
strategic balance, and

We are ^{now} ~~also~~ making progress toward ^{this} a comprehensive
ban on nuclear explosions.

For 30 years, concerted ^{but unsuccessful} efforts have been made
to ban the testing of atomic explosives -- both
military weapons and peaceful nuclear devices. And
~~for 30 years, that objective has eluded us.~~

~~But now~~ We are hard at work with Great Britain
and the Soviet Union on an agreement which will
stop testing, and will protect our national security
and provide for adequate verification of compliance.

We are also working vigorously to halt the
proliferation of nuclear weapons among the nations of

the world, and to reduce the deadly global traffic in conventional arms sales. Our stand for peace is suspect if we are also the principal arms merchant of the world. So we have decided to cut down our arms transfers abroad, on a year-by-year basis, and to work with other major arms exporters to encourage their ^{similar} restraint.

* * *

Every American has a stake in our second major goal -- a world at peace. In a nuclear age, each of us is threatened when peace is not secured.

We are ^{trying} ~~working hard~~ to promote peaceful ^{harmony} ~~reconciliation~~ in those parts of the world where major differences among other nations threaten international peace.

In the Middle East we are contributing our good offices to maintain the momentum of the current

negotiations -- and to keep open the lines of communications among the Middle East leaders. The whole world has a great stake in the success of these efforts. This is a precious opportunity for the historic settlement of longstanding conflicting ideas -- an opportunity which may not come again in our lifetime.

Our role has been difficult, ^{thankless,} and sometimes controversial, but it has been constructive and necessary -- and it will continue.

* * *

Our third major foreign policy goal is one that touches the life of every ^{American} ~~one of our~~ citizens, every day: world economic growth and stability.

This requires strong economic performance by the industrialized democracies and progress in resolving the global energy crisis. Last fall,

7-35

with the help of others, we succeeded in our vigorous efforts to maintain stability in the price of oil. But as many foreign leaders have emphasized, the greatest future contribution America can make would be an effective energy conservation program *here*.

We are trying to develop a more just international system. In this spirit, we are supporting the struggle for human development in Asia, Africa, and Latin America.

out We are changing the emphasis of our assistance programs so that as much of our aid as possible goes directly to meet the simple human needs of the world's poor for food, for shelter, for basic education, and for health care.

X X X
Finally, the world is watching to see how we act on one of our most important items of business:

approval of the Panama Canal Treaties. The treaties
now before the Senate are the ^{result} ~~culmination~~ of the work
of four Administrations -- two Democratic and two
Republican. They guarantee that the canal will be
open always for unrestricted use by the ships of the
world. Our own ships have the right to priority of
passage in times of need or emergency. We have
the right to defend the canal with our military
forces if necessary to guarantee its openness and
neutrality. The treaties are to the clear advantage
of ourselves, the Panamanians, and the other users
of the canal. ^{Ratifying} ~~Ratification~~ of the Panama Canal treaties
will show our good faith to the world, discourage the
spread of hostile ideologies in Latin America, and
directly contribute to the economic wellbeing and
security of the United States. !

X * *

There were two moments on my recent journey which, for me, confirmed what the final aims of our foreign policy must always be. One was in a village in India, where I met people as passionately attached to their rights and liberties as we are -- but whose children have a far smaller chance for good health, education, and human fulfillment than a child born in this country. The other was in Warsaw, capital of a nation twice devastated by war in this century. There, people have rebuilt the city which war's destruction took from them; but what was new only emphasized how much had been lost. What I saw in those two places crystallized the purposes of our own country's policy: to ensure economic justice, to advance human rights, to solve conflicts without

violence, and to proclaim our constant faith in the
liberty and dignity of human beings everywhere.

Pause
* * *

We Americans have a great deal of work to do
together.

In the end, how well we do that work will
depend on the spirit in which we approach it.

We must seek fresh answers, unhindered by
the stale prescriptions of the past.

We must temper the demands of special interests
with an understanding of what is right for society
as a whole.

It has been said that our best years are behind
us, but I say again that *America's* ~~our Nation's~~ best is still
ahead. We have emerged from bitter experiences

chastened but proud, confident once again, ready to

face challenges once again, united once again.

* P1
* P2 →

* * *
Our task, *in the words of Senator Humphrey,* in the words of Hubert Humphrey,

is "reconciliation, rebuilding, and rebirth."

Reconciliation of private needs and interests
into a higher purpose.

Rebuilding the old dreams of justice and
liberty, of country and community.

Rebirth of our faith in the common good.

Each of us here tonight -- and all who are
listening in their homes -- must rededicate ourselves
to serving the common good. We are a community, a
beloved community, all of us; our fates are linked;
our futures intertwined; and if we act in that knowledge
together
and with that spirit we can move mountains.

#

1/20/78

*Susan - on
underlining*

3 1/2 min

Mr. President, Mr. Speaker, Members of the
95th Congress, ladies and gentlemen:

One year ago tomorrow, I walked from here to the
White House to take up the duties of President of
the United States. I return tonight to fulfill one
of those duties: to "give to the Congress" -- and
the nation -- "information on the state of the Union."

Militarily, politically, economically, and in
spirit, the state of our Union is sound.

* * *

We are a great country, a strong country, a
vital and dynamic country -- and so we will remain.

We are a confident people, a hard-working people,
a decent and compassionate people -- and so we will
remain.

I want to speak to you tonight about where
we are, and where we must go -- what we have done,
and what we must do -- and ^{I want} to pledge my best efforts,
and to ask you to pledge yours.

Each generation of Americans has to face
circumstances not of its own choosing, by which its
character is measured and its spirit is tested.

There are times of emergency, when a nation
and its leaders must bring their energies to bear
on a single urgent task.

That was the duty Abraham Lincoln faced when
our land was torn apart by conflict. That was the
duty faced twice by Franklin Roosevelt: when he led
America out of economic depression, and again when
he led America to victory in war.

There are other times when there is no single overwhelming crisis -- yet profound national interests are at stake.

At such times the risk of inaction can be equally great. It becomes the task of leaders to call forth the vast and restless energies of our people to build for the future.

That is what Harry Truman did in the years after the Second World War, when we helped Europe and Japan rebuild themselves and secured an international order that has protected freedom from aggression.

We live in such times now -- and face such duties.

We have come through a long period of turmoil and doubt, but we have once again found our moral course and with a new spirit we are striving to express our best instincts to the rest of the world.

There is all across our land a growing sense of peace and common purpose. This sense of unity cannot be expressed in programs, legislation, or dollars. It is an achievement that belongs to every individual American. This unity towers over all our efforts here in Washington, and serves as an inspiring beacon for all of us elected to serve.

This new atmosphere demands a new spirit --

a partnership between those who lead and those who elect. The ^{foundation} ~~treasures~~ of this partnership ^{is} ~~are~~ truth,

the courage to face hard decisions, concern for
^{and the common good over special interest,}
one another, ^{and} ~~and~~ a basic faith and trust in the

wisdom and strength of the American people.

For the first time in a generation, we are not haunted by a major international crisis or by domestic turmoil, and we now have a rare and priceless opportunity to address the persistent problems which burden us as a nation and which became quietly and steadily worse over the years.

* * *

As President I have [^]and to ask you -- the members of Congress, and the American people -- to come to grips with some of the hardest questions facing our society.

We must make a maximum effort -- because if we do not aim for the best, we are likely to achieve very little.

I see no benefit to the country if we ~~wait~~^{delay},
because the problems will only grow worse.

We need patience and good will, and we need
to realize that there is a limit to the role and
function of government. Government cannot solve
all our problems, set all our goals, or define our
vision. Government cannot eliminate poverty, provide
a bountiful economy, reduce inflation, save our cities,
cure illiteracy, provide energy, nor mandate goodness.
Only a true partnership between government and the
people can hope to reach these goals.

Those who govern can sometimes inspire, and
we can identify needs and marshal resources, but we
cannot be the managers of everything and everybody.

We must move away from crisis management and establish clear goals for the future which will let us work together and not in conflict. Never again should we neglect a growing crisis like the shortage of energy, where further delay will only lead to more harsh and painful solutions.

Every day we spend more than \$120 million for foreign oil. This slows our economic growth, lowers the value of the dollar overseas, and aggravates unemployment and inflation at home.

We know we have to act. We know what we must do: increase energy production, cut down on waste, and use more of those fuels which are plentiful and more permanent. We must be fair to people, and not ~~damage~~ ^{disrupt} our nation's economy and the budget.

It sounds simple, but I recognize the difficulties involved. I know it is not easy for the Congress to act. But the fact remains that ^{on energy legislation} we have failed the American people. Almost five years after the oil embargo dramatized the problem, we still do not have a national energy program. Not much longer can we tolerate this stalemate. It undermines our national interest both at home and abroad. We must succeed, I believe and we will!

* * *

Our main task at home this year, with energy a central element, is the nation's economy. We must continue the recovery and further cut unemployment and inflation.

X X X

Last year was a good one for the United States.

We reached our major economic goals for 1977.

Four million new jobs were created -- an all time record -- and the number of unemployed dropped by more than a million. Unemployment is at its lowest level since 1974, and not since World War II has such a high percentage of our people been employed.

The rate of inflation went down. There was good growth in business profits and investments -- the source of more jobs for our workers -- and a higher standard of living for all our people. After taxes and inflation, there was a healthy increase in workers' wages.

This year, our country will have the first two trillion dollar economy in the history of the world.

We are proud of the progress this first year, but we must do even better.

We still have serious problems on which all of us must work together. Our trade deficit is too large, inflation is still too high, and too many Americans still do not have a job.

I have no simple answers for these problems. But we have developed an economic policy that is working, because it is sensible, balanced, and fair. It is based on four principles:

-- First, the economy must keep on expanding ^{and income} to produce the new jobs _{our} people need. [~~Only through steady growth can American workers continue to enjoy higher incomes.~~] The fruits of growth must be widely

shared. More jobs must be made available for those who have been by-passed until now, and the tax system must be made fairer and simpler.

-- Second, private business, not the government, must lead the expansion.

-- Third, we must lower the rate of inflation and keep it down. Inflation slows down economic growth, and it is most cruel to the poor and to the elderly and others who live on fixed incomes.

-- Fourth, we must contribute to the strength of the world economy.

* * *

I will announce proposals for improving our tax system later this week. We can make our tax

^{laws}
~~system~~ fairer; we can make ^{them} ~~it~~ simpler and easier to

understand; and at the same time we can -- and we

will -- reduce the tax burden on American citizens by

\$25 billion! ^P The tax reforms and tax reductions go

together. Only with ^{the} long overdue reforms will the
full tax cut be advisable.

Almost \$17 billion in income tax cuts will go

to individuals. Ninety-six percent of American

taxpayers will see their taxes go down. For a

typical family of four this will mean an annual

saving of more than \$250 -- a tax reduction of about

20 percent. A further cut of \$2 billion in excise

taxes will give more relief and directly reduce the

rate of inflation.

We will also provide strong additional

incentives for business investment through substantial

cuts in corporate tax rates and improvements in the investment tax credit.

* * *

Our tax proposals will increase opportunity everywhere in this nation, but additional jobs for the disadvantaged deserve special attention.

We have already passed laws to assure equal access to the voting booth, to schools, to housing, and to jobs. But job opportunity -- the chance to earn a decent living -- is also a basic human right which we cannot and will not ignore.

A major priority for our nation is the final elimination of barriers that restrict the opportunities available to women, and to Black people, Hispanics, and

other minorities. We have come a long way toward that goal, but there is still much to do. What we inherited from the past must not be permitted to shackle us in the future.

I am asking for a substantial increase in funds for public jobs for our young people and I am also recommending that the Congress continue the public service employment programs at more than twice the level of a year ago. When welfare reform is completed, we will have more than a million additional jobs ^{so that} ~~for~~ those on welfare who are able to work_x - can work.

However, we know that in our free economy, private business is still the best source of new jobs. Therefore, I also propose a new program to

encourage businesses to hire young and disadvantaged

Americans. These young people only need skills --

and a chance -- in order to take their place in our

economic system. Let's give them the chance they

need! A major step forward will be early
passage of the greatly improved Humphrey-
Hawkins bill.
* * *

My budget for 1979 addresses our national

needs, but it is lean and tight. I have cut waste

wherever possible.

I am proposing an increase of less than


two percent after adjusting for inflation -- the

smallest increase in the Federal budget in four years.

Lately, Federal ^{has spending has} ~~taxes have~~ taken a steadily

increasing portion of what Americans produce. Our

new budget reverses that trend, and later I hope to
bring the government's toll down even further.

In time of high ~~un~~employment and a strong 
economy, deficit spending should not be a feature of
our budget. As the economy continues to gain strength
and our unemployment rates continue to fall, revenues
will grow. With careful planning, efficient manage-
ment, and proper restraint on spending, we can move
rapidly toward a balanced budget — ^{and} ~~That is what~~ we
will ~~do~~.

Next year the budget deficit will be only
slightly less than this fiscal year -- but ^{one-third of} the deficit
~~would have been \$15 - 20 billion smaller without~~
^{is due to}
the necessary tax cuts I have proposed.

This year the right choice is to reduce the burden on the taxpayers and provide more jobs for our people, ~~[in order to promote vigorous economic growth necessary to reach a balanced budget as rapidly as possible.]~~

* * *

The third element in our program is a renewed attack on inflation. We have learned the hard way that high unemployment will not prevent or cure inflation.

Government can help by stimulating private investment and by maintaining a responsible economic policy, ~~and~~ Through a new top level review process, we will do a better job of reducing government regulation that drives up costs and prices.

But, again, government alone cannot bring
down the rate of inflation. When a level of high
inflation is expected to continue, companies
raise prices to protect their profit margins against
prospective increases in wages and other costs, while
workers demand higher wages as protection against
expected price increases. It's like escalation in
the arms race and, understandably, no one wants to
disarm alone.

No one firm or group of workers can halt this
process. It is an effort we must all make together.
I am therefore asking government, business, labor,
and other groups to join in a voluntary program to
moderate inflation by holding wage and price increases
in each sector of the economy during 1978 below the
average increases of the last two years.

I do not believe in wage and price controls.

A sincere commitment to voluntary constraint provides
a way -- perhaps the only way -- to fight inflation
without government interference.

Susan - my
copy only

→ [Agriculture problems]
* * *

Economic success at home is also the key to
success in our international economic policy. An
effective energy program, strong investment and
productivity, and controlled inflation will improve
our trade balance and help to protect the integrity
of the dollar overseas.

By working closely with our friends abroad we
can promote the economic health of ^{the world by with} ~~[other nations, and~~
~~conclude]~~ fair and balanced agreements lowering barriers
to trade.

Despite the inevitable pressures which develop
when the world economy suffers from high unemployment,
we must firmly resist the demands for self-defeating
protectionism. But free trade must also be fair trade.

I am determined to protect American industry and
workers against unfair or illegal foreign trade
practices.

* * *

I have outlined ~~several~~ other domestic initiatives,
such as *welfare reform, consumer protection,*
basic education skills, urban
In a separate written message to Congress *which I policy, reform*
of our labor laws, and
national health care.
I will ~~not repeat them~~ *those here tonight,*
~~will not repeat tonight,~~ but there are several other,

points I would like to make directly to you. ~~now.~~

* * *

During these past years Americans have seen
our government grow far from us.

For ~~the average~~ ^{many some} citizens, it has become almost
like a foreign country, so strange and ~~difficult~~ [^] distant
that often we have to deal with it through trained
ambassadors who have sometimes become too powerful
and influential -- lawyers, accountants, and lobbyists.

This cannot go on.

We must have what Abraham Lincoln sought --
a government for the people.

~~Together~~ We have made progress toward that
kind of government. You have given me the authority
I requested to reorganize the Federal bureaucracy,
and I am using it.

We have already begun a series of reorganization
plans which will be completed over a period of three
years.

We have also proposed abolishing almost
500 Federal advisory commissions and boards.

But I know that our people are still sick and
tired of Federal paperwork and red tape. Bit by bit
we are chopping down the thicket of unnecessary
Federal regulations by which government too often
interferes in our personal lives and business.

~~Overall~~ ~~We~~ we have cut the public's Federal paperwork
load by 12 percent, ^{in less than a year.} And we are not through cutting.

We have made a good start on turning the
gobbledygook of Federal regulations into plain English
that people can understand, but we still have a
long way to go.

We have brought together parts of eleven
government agencies to create the new Department of

Energy -- and now it is time to take another major step by creating a separate Department of Education.

~~[Next month, I will submit to Congress a plan to reduce discrimination in employment, and other plans will be submitted later this year.]~~

But even the best-organized government will only be as effective as the people who carry out its policies.

For this reason, I consider Civil Service reform to be absolutely vital. Worked out with the civil servants themselves, ^{this reorganization plan} ~~these changes~~ will restore the merit principle to a system which has grown into a bureaucratic maze. ^{It} ~~This~~ will provide greater management flexibility and better rewards for better performance, without compromising job security.

Then and only then can we have a government
that is efficient, open, and truly worthy of our
people's understanding and respect.

I have promised we will have such a government.

^{intend to}
I ~~will~~ keep that promise.

* * *

In our foreign policy, the separation of our
people from government has been a source of weakness
and error. In a democratic system like ours, foreign
policy decisions must be able to stand the test of
public examination and debate. If we make a mistake
in this Administration, it will be ^{on the side of} ~~because we are too~~
~~frankness and openness with the American people.~~
~~frank and open.~~

In our modern world when the deaths of millions can result from a few terrifying seconds of destruction, the path to national strength and security is identical with the path to peace.

Tonight I am happy to report that because we are strong our nation is at peace with the world.

We are a confident nation. We have restored a moral basis for our foreign policy. The very heart of our identity as a nation is our firm commitment to human rights.

We stand for human rights because we believe that the purpose of government is to promote the well-being of its citizens. This is true in our domestic and in our foreign policy. The world must know that in support of human rights the United States will stand firm.

We expect no quick or easy results, but there has been significant movement toward greater freedom and humanity in several parts of the world.

Thousands of political prisoners have been freed. The leaders of the world -- even our ideological adversaries -- now see that their attitude toward fundamental human rights affects their standing in the international community and their relations with the United States.

* * *

To serve the interests of every American, our foreign policy has three major goals.

Our first and prime concern is and will remain the security of our country.

Security is based on our national will and on the strength of our armed forces. We have the will, and militarily we are very strong.

Security also comes through the strength of our alliances. We have reaffirmed our commitment to the defense of Europe, and this year we will demonstrate that commitment by further modernizing and strengthening our military capabilities there.

Security can also be enhanced by agreements with potential adversaries which reduce the threat of nuclear disaster while maintaining our own relative strategic capability.

^{areas of}
In ~~our~~ peaceful competition with the Soviet Union we will continue to more than hold our own.

At the same time we are negotiating with quiet confidence, without haste, with careful determination, to ease the tensions between us and to ensure greater stability and security.

The Strategic Arms Limitation Talks have been difficult and prolonged. We want a mutual limit on both the quality and quantity of the giant nuclear arsenals of both nations -- and then actual reductions in strategic arms as a major step toward ultimate elimination of nuclear weapons from the face of the earth.

If the talks result in an agreement this year -- and I trust they will -- I pledge to you that the agreement will maintain and enhance the stability of the world's strategic balance and the security of the United States.

For 30 years, concerted but unsuccessful efforts have been made to ban the testing of atomic explosives -- both military weapons and peaceful nuclear devices.

We are hard at work with Great Britain and the Soviet Union on an agreement which will stop testing, and will protect our national security and provide for adequate verification of compliance.

We are now making progress toward this comprehensive ban on nuclear explosions.

* * *

We are also working vigorously to halt the proliferation of nuclear weapons among the nations of the world, and to reduce the deadly global traffic

in conventional arms sales. Our stand for peace is suspect if we are also the principal arms merchant of the world. So we have decided to cut down our arms transfers abroad, on a year-by-year basis, and to work with other major arms exporters to encourage their similar restraint.

* * *

Every American has a stake in our second major goal -- a world at peace. In a nuclear age, each of us is threatened when peace is not secured.

We are trying to promote harmony in those parts of the world where major differences among other nations threaten international peace.

In the Middle East we are contributing our good offices to maintain the momentum of the current negotiations -- and to keep open the lines of communications among the Middle East leaders. The whole world has a great stake in the success of these efforts. This is a precious opportunity for the historic settlement of a longstanding conflict -- an opportunity which may not come again in our lifetime.

Our role has been difficult, ~~thankless~~, and sometimes ^{thankless and} controversial, but it has been constructive and necessary -- and it will continue.

* * *

Our third major foreign policy goal is one that touches the life of every American citizen, every day: world economic growth and stability.

This requires strong economic performance
by the industrialized democracies and progress in
resolving the global energy crisis. Last fall,
with the help of others, we succeeded in our vigorous
efforts to maintain stability in the price of oil.

But as many foreign leaders have emphasized, the
greatest future contribution America can make ^{to the world economy} would
be an effective energy conservation program here at home.
*We will not hesitate to take the actions needed
to protect the integrity of the dollar.*

We are trying to develop a more just inter-
national system. In this spirit, we are supporting
the struggle for human development in Asia, Africa,
and Latin America.

* * *

Finally, the world is watching to see how we
act on one of our most important items of business:

approval of the Panama Canal Treaties. The treaties
now before the Senate are the result of the work of
four Administrations -- two Democratic and two
Republican. They guarantee that the canal will be
open always for unrestricted use by the ships of the
world. Our ~~own~~ ships have the right to ^{go to the head of the line} priority of
passage in times of need or emergency. We ^{retain} ~~have~~ the permanent
right to defend the canal with our ^{own} military forces
if necessary to guarantee its openness and neutrality.
The treaties are to the clear advantage of ourselves,
the Panamanians, and the other users of the canal.
Ratifying the Panama Canal treaties will ^{demonstrate} ~~show~~ our
good faith to the world, discourage the spread of
hostile ideologies in ^{this hemisphere,} ~~Latin America,~~ and directly
contribute to the economic wellbeing and security
of the United States.

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There were two moments on my recent journey which, for me, confirmed what the final aims of our foreign policy must always be. One was in a village in India, where I met people as passionately attached to their rights and liberties as we are -- but whose children have a far smaller chance for good health, education, and human fulfillment than a child born in this country. The other was in Warsaw, capital of a nation twice devastated by war in this century. There, people have rebuilt the city which war's destruction took from them; but what was new only emphasized how much had been lost. What I saw in those two places crystallized the purposes of our own country's policy: to ensure economic justice, to advance human rights, to ^{re}solve conflicts without violence, and to proclaim our constant faith in the liberty and dignity of human beings everywhere.

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We Americans have a great deal of work to do together.

In the end, how well we do that work will depend on the spirit in which we approach it.

We must seek fresh answers, unhindered by the stale prescriptions of the past.

It has been said that our best years are behind us, but I say again that America's best is still ahead. We have emerged from bitter experiences chastened but proud, confident once again, ready to face challenges once again, united once again.

* * *

We come together tonight at a solemn time. Last week the Senate lost a good and honest man,

Lee Metcalf of Montana. ^P Today the flag of the United States flew at half-mast from this Capitol ~~building~~ and from American installations and ships all over the world, in mourning for Senator Hubert Humphrey. ←

Because he exemplified so well the joy and zest of living, his death reminds us not so much of our own mortality but of the possibilities offered to us by life. He always looked to the future with a special American kind of confidence, of hope and enthusiasm. The best way we can honor him is by following his example.

Our task, in the words of Senator Humphrey, is "reconciliation, rebuilding, and rebirth."

Reconciliation of private needs and interests
into a higher purpose.

Rebuilding the old dreams of justice and
liberty, of country and community.

Rebirth of our faith in the common good.

Each of us here tonight -- and all who are
listening in ^{your}~~their~~ homes -- must rededicate ourselves ←
to serving the common good. We are a community, a
beloved community, all of us; our fates are linked;
our futures intertwined; and if we act in that
knowledge and with that spirit together we can move
mountains.

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PRESIDENT JIMMY CARTER

STATE OF THE UNION ADDRESS BEFORE CONGRESS

JANUARY 19, 1978

MR. PRESIDENT, MR. SPEAKER, MEMBERS OF THE
95TH CONGRESS, LADIES AND GENTLEMEN:

ONE YEAR AGO TOMORROW, I WALKED FROM HERE TO THE
WHITE HOUSE TO TAKE UP THE DUTIES OF PRESIDENT OF THE
UNITED STATES. I RETURN TONIGHT TO FULFILL ONE OF THOSE
DUTIES: TO "GIVE TO THE CONGRESS" -- AND THE NATION --
"INFORMATION ON THE STATE OF THE UNION."

MILITARILY, POLITICALLY, ECONOMICALLY, AND IN
SPIRIT, THE STATE OF OUR UNION IS SOUND.

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WE ARE A GREAT COUNTRY . . .

WE ARE A GREAT COUNTRY, A STRONG COUNTRY, A
VITAL AND DYNAMIC COUNTRY -- AND SO WE WILL REMAIN.

WE ARE A CONFIDENT PEOPLE, A HARD-WORKING PEOPLE,
A DECENT AND COMPASSIONATE PEOPLE -- AND SO WE WILL
REMAIN.

I WANT TO SPEAK TO YOU TONIGHT ABOUT WHERE WE
ARE, AND WHERE WE MUST GO -- WHAT WE HAVE DONE, AND
WHAT WE MUST DO -- AND I WANT TO PLEDGE MY BEST EFFORTS,
AND TO ASK YOU TO PLEDGE YOURS.

EACH GENERATION OF AMERICANS HAS TO FACE
CIRCUMSTANCES NOT OF ITS OWN CHOOSING, BY WHICH ITS
CHARACTER IS MEASURED AND ITS SPIRIT IS TESTED.

THERE ARE TIMES OF EMERGENCY, WHEN A NATION
AND ITS LEADERS MUST BRING THEIR ENERGIES TO BEAR
ON A SINGLE URGENT TASK.

THAT WAS THE DUTY ABRAHAM LINCOLN FACED WHEN
OUR LAND WAS TORN APART BY CONFLICT. THAT WAS THE
DUTY FACED TWICE BY FRANKLIN ROOSEVELT: WHEN HE LED
AMERICA OUT OF ECONOMIC DEPRESSION, AND AGAIN WHEN
HE LED AMERICA TO VICTORY IN WAR.

THERE ARE OTHER TIMES WHEN THERE IS NO SINGLE
OVERWHELMING CRISIS -- YET PROFOUND NATIONAL INTERESTS
ARE AT STAKE.

AT SUCH TIMES THE RISK OF INACTION CAN BE EQUALLY
GREAT. IT BECOMES THE TASK OF LEADERS TO CALL FORTH
THE VAST AND RESTLESS ENERGIES OF OUR PEOPLE TO BUILD
FOR THE FUTURE.

THAT IS WHAT HARRY TRUMAN DID IN THE YEARS AFTER
THE SECOND WORLD WAR, WHEN WE HELPED EUROPE AND JAPAN

. . . REBUILD THEMSELVES AND SECURED . . .

REBUILD THEMSELVES AND SECURED AN INTERNATIONAL ORDER
THAT HAS PROTECTED FREEDOM FROM AGGRESSION.

WE LIVE IN SUCH TIMES NOW -- AND FACE SUCH
DUTIES.

WE HAVE COME THROUGH A LONG PERIOD OF TURMOIL
AND DOUBT, BUT WE HAVE ONCE AGAIN FOUND OUR MORAL
COURSE AND WITH A NEW SPIRIT WE ARE STRIVING TO
EXPRESS OUR BEST INSTINCTS TO THE REST OF THE WORLD.

THERE IS ALL ACROSS OUR LAND A GROWING SENSE
OF PEACE AND COMMON PURPOSE. THIS SENSE OF UNITY
CANNOT BE EXPRESSED IN PROGRAMS, LEGISLATION, OR
DOLLARS. IT IS AN ACHIEVEMENT THAT BELONGS TO EVERY
INDIVIDUAL AMERICAN. THIS UNITY TOWERS OVER ALL OUR
EFFORTS HERE IN WASHINGTON, AND SERVES AS AN INSPIRING
BEACON FOR ALL OF US ELECTED TO SERVE.

THIS NEW ATMOSPHERE DEMANDS A NEW SPIRIT --

A PARTNERSHIP BETWEEN THOSE WHO LEAD AND THOSE WHO
ELECT. THE FOUNDATION OF THIS PARTNERSHIP IS TRUTH,
THE COURAGE TO FACE HARD DECISIONS, CONCERN FOR ONE
ANOTHER AND THE COMMON GOOD OVER SPECIAL INTEREST, AND
A BASIC FAITH AND TRUST IN THE WISDOM AND STRENGTH
OF THE AMERICAN PEOPLE.

FOR THE FIRST TIME IN A GENERATION, WE ARE NOT
HAUNTED BY A MAJOR INTERNATIONAL CRISIS OR BY DOMESTIC
TURMOIL, AND WE NOW HAVE A RARE AND PRICELESS OPPORTUNITY
TO ADDRESS THE PERSISTENT PROBLEMS WHICH BURDEN US AS
A NATION AND WHICH BECAME QUIETLY AND STEADILY WORSE
OVER THE YEARS.

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AS PRESIDENT I HAVE HAD TO ASK YOU . . .

AS PRESIDENT I HAVE HAD TO ASK YOU -- THE MEMBERS
OF CONGRESS, AND THE AMERICAN PEOPLE -- TO COME TO
GRIPS WITH SOME OF THE HARDEST QUESTIONS FACING OUR
SOCIETY.

WE MUST MAKE A MAXIMUM EFFORT -- BECAUSE IF
WE DO NOT AIM FOR THE BEST, WE ARE LIKELY TO ACHIEVE
VERY LITTLE.

I SEE NO BENEFIT TO THE COUNTRY IF WE DELAY,
BECAUSE THE PROBLEMS WILL ONLY GROW WORSE.

WE NEED PATIENCE AND GOOD WILL, AND WE NEED
TO REALIZE THAT THERE IS A LIMIT TO THE ROLE AND
FUNCTION OF GOVERNMENT. GOVERNMENT CANNOT SOLVE ALL
OUR PROBLEMS, SET ALL OUR GOALS, OR DEFINE OUR VISION.



GOVERNMENT CANNOT ELIMINATE POVERTY, PROVIDE A
BOUNTIFUL ECONOMY, REDUCE INFLATION, SAVE OUR CITIES,
CURE ILLITERACY, PROVIDE ENERGY, OR MANDATE GOODNESS.
ONLY A TRUE PARTNERSHIP BETWEEN GOVERNMENT AND THE
PEOPLE CAN HOPE TO REACH THESE GOALS.

THOSE WHO GOVERN CAN SOMETIMES INSPIRE, AND
WE CAN IDENTIFY NEEDS AND MARSHAL RESOURCES, BUT WE
CANNOT BE THE MANAGERS OF EVERYTHING AND EVERYBODY.

WE MUST MOVE AWAY FROM CRISIS MANAGEMENT AND
ESTABLISH CLEAR GOALS FOR THE FUTURE WHICH WILL LET
US WORK TOGETHER AND NOT IN CONFLICT. NEVER AGAIN
SHOULD WE NEGLECT A GROWING CRISIS LIKE THE SHORTAGE
OF ENERGY, WHERE FURTHER DELAY WILL ONLY LEAD TO
MORE HARSH AND PAINFUL SOLUTIONS.

EVERY DAY WE SPEND MORE THAN . . .

EVERY DAY WE SPEND MORE THAN \$120 MILLION FOR
FOREIGN OIL. THIS SLOWS OUR ECONOMIC GROWTH, LOWERS
THE VALUE OF THE DOLLAR OVERSEAS, AND AGGRAVATES
UNEMPLOYMENT AND INFLATION AT HOME.

WE KNOW WE HAVE TO ACT. WE KNOW WHAT WE MUST
DO: INCREASE ENERGY PRODUCTION, CUT DOWN ON WASTE,
AND USE MORE OF THOSE FUELS WHICH ARE PLENTIFUL AND
MORE PERMANENT. WE MUST BE FAIR TO PEOPLE, AND NOT
DISRUPT OUR NATION'S ECONOMY AND THE BUDGET.

IT SOUNDS SIMPLE, BUT I RECOGNIZE THE DIFFICULTIES
INVOLVED. I KNOW IT IS NOT EASY FOR THE CONGRESS TO ACT.
BUT THE FACT REMAINS THAT ON ENERGY LEGISLATION WE HAVE
FAILED THE AMERICAN PEOPLE. ALMOST FIVE YEARS AFTER
THE OIL EMBARGO DRAMATIZED THE PROBLEM, WE STILL DO NOT
HAVE A NATIONAL ENERGY PROGRAM. NOT MUCH LONGER CAN WE

...TOLERATE THIS STALEMATE.

TOLERATE THIS STALEMATE. IT UNDERMINES OUR NATIONAL
INTEREST BOTH AT HOME AND ABROAD. WE MUST SUCCEED,
AND I BELIEVE WE WILL!

*

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OUR MAIN TASK AT HOME THIS YEAR, WITH ENERGY
A CENTRAL ELEMENT, IS THE NATION'S ECONOMY. WE MUST
CONTINUE THE RECOVERY AND FURTHER CUT UNEMPLOYMENT
AND INFLATION.

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LAST YEAR WAS A GOOD ONE FOR THE UNITED STATES.
WE REACHED OUR MAJOR ECONOMIC GOALS FOR 1977.
FOUR MILLION NEW JOBS WERE CREATED -- AN ALL TIME
RECORD -- AND THE NUMBER OF UNEMPLOYED DROPPED BY
MORE THAN A MILLION.

UNEMPLOYMENT IS AT ITS LOWEST...

UNEMPLOYMENT IS AT ITS LOWEST LEVEL SINCE 1974,
AND NOT SINCE WORLD WAR II HAS SUCH A HIGH PERCENTAGE
OF OUR PEOPLE BEEN EMPLOYED.

THE RATE OF INFLATION WENT DOWN. THERE WAS
GOOD GROWTH IN BUSINESS PROFITS AND INVESTMENTS --
THE SOURCE OF MORE JOBS FOR OUR WORKERS -- AND A
HIGHER STANDARD OF LIVING FOR ALL OUR PEOPLE. AFTER
TAXES AND INFLATION, THERE WAS A HEALTHY INCREASE IN
WORKERS' WAGES.

THIS YEAR, OUR COUNTRY WILL HAVE THE FIRST
TWO TRILLION DOLLAR ECONOMY IN THE HISTORY OF THE WORLD.

WE ARE PROUD OF THE PROGRESS THIS FIRST YEAR,
BUT WE MUST DO EVEN BETTER.

WE STILL HAVE SERIOUS PROBLEMS ON WHICH ALL
OF US MUST WORK TOGETHER. OUR TRADE DEFICIT IS TOO
LARGE, INFLATION IS STILL TOO HIGH, AND TOO MANY
AMERICANS STILL DO NOT HAVE A JOB.

I HAVE NO SIMPLE ANSWERS FOR THESE PROBLEMS.
BUT WE HAVE DEVELOPED AN ECONOMIC POLICY THAT IS
WORKING, BECAUSE IT IS SENSIBLE, BALANCED, AND FAIR.
IT IS BASED ON FOUR PRINCIPLES:

-- FIRST, THE ECONOMY MUST KEEP ON EXPANDING
TO PRODUCE THE NEW JOBS AND INCOME OUR PEOPLE NEED.
THE FRUITS OF GROWTH MUST BE WIDELY SHARED. MORE JOBS
MUST BE MADE AVAILABLE FOR THOSE WHO HAVE BEEN BY-PASSED
UNTIL NOW, AND THE TAX SYSTEM MUST BE MADE FAIRER AND
SIMPLER.

--SECOND, PRIVATE BUSINESS, . . .

-- SECOND, PRIVATE BUSINESS, NOT THE GOVERNMENT,
MUST LEAD THE EXPANSION.

-- THIRD, WE MUST LOWER THE RATE OF INFLATION
AND KEEP IT DOWN. INFLATION SLOWS DOWN ECONOMIC
GROWTH, AND IT IS MOST CRUEL TO THE POOR AND TO THE
ELDERLY AND OTHERS WHO LIVE ON FIXED INCOMES.

-- FOURTH, WE MUST CONTRIBUTE TO THE STRENGTH
OF THE WORLD ECONOMY.

* * *

DETAILED

I WILL ANNOUNCE [^]PROPOSALS FOR IMPROVING OUR
TAX SYSTEM LATER THIS WEEK. WE CAN MAKE OUR TAX LAWS
FAIRER; WE CAN MAKE THEM SIMPLER AND EASIER TO
UNDERSTAND; AND AT THE SAME TIME WE CAN -- AND WE WILL --
REDUCE THE TAX BURDEN ON AMERICAN CITIZENS BY \$25 BILLION!

THE TAX REFORMS AND TAX REDUCTIONS GO TOGETHER.
ONLY WITH THE LONG OVERDUE REFORMS WILL THE FULL TAX
CUT BE ADVISABLE.

ALMOST \$17 BILLION IN INCOME TAX CUTS WILL GO
TO INDIVIDUALS. NINETY-SIX PERCENT OF AMERICAN
TAXPAYERS WILL SEE THEIR TAXES GO DOWN. FOR A TYPICAL
FAMILY OF FOUR THIS WILL MEAN AN ANNUAL SAVING OF MORE
THAN \$250 -- A TAX REDUCTION OF ABOUT 20 PERCENT.
A FURTHER CUT OF \$2 BILLION IN EXCISE TAXES WILL GIVE
MORE RELIEF AND DIRECTLY REDUCE THE RATE OF INFLATION.

WE WILL ALSO PROVIDE STRONG ADDITIONAL INCENTIVES
FOR BUSINESS INVESTMENT THROUGH SUBSTANTIAL CUTS IN
CORPORATE TAX RATES AND IMPROVEMENTS IN THE INVESTMENT
TAX CREDIT.

* * *

OUR TAX PROPOSALS WILL . . .

OUR TAX PROPOSALS WILL INCREASE OPPORTUNITY
EVERYWHERE IN THIS NATION, BUT ADDITIONAL JOBS FOR
THE DISADVANTAGED DESERVE SPECIAL ATTENTION.

WE HAVE ALREADY PASSED LAWS TO ASSURE EQUAL
ACCESS TO THE VOTING BOOTH, TO SCHOOLS, TO HOUSING,
AND TO JOBS. BUT JOB OPPORTUNITY -- THE CHANCE TO
EARN A DECENT LIVING -- IS ALSO A BASIC HUMAN RIGHT
WHICH WE CANNOT AND WILL NOT IGNORE.

A MAJOR PRIORITY FOR OUR NATION IS THE FINAL
ELIMINATION OF BARRIERS THAT RESTRICT THE OPPORTUNITIES
AVAILABLE TO WOMEN, AND ^{also} TO BLACK PEOPLE, HISPANICS, AND
OTHER MINORITIES. WE HAVE COME A LONG WAY TOWARD THAT
GOAL, BUT THERE IS STILL MUCH TO DO. WHAT WE INHERITED
FROM THE PAST MUST NOT BE PERMITTED TO SHACKLE US IN
THE FUTURE.

I AM ASKING FOR A SUBSTANTIAL INCREASE IN FUNDS FOR PUBLIC JOBS FOR OUR YOUNG PEOPLE AND I AM ALSO RECOMMENDING THAT THE CONGRESS CONTINUE THE PUBLIC SERVICE EMPLOYMENT PROGRAMS AT MORE THAN TWICE THE LEVEL OF A YEAR AGO. WHEN WELFARE REFORM IS COMPLETED, WE WILL HAVE MORE THAN A MILLION ADDITIONAL JOBS SO THAT THOSE ON WELFARE WHO ARE ABLE TO WORK CAN WORK.

HOWEVER, WE KNOW THAT IN OUR FREE ECONOMY, PRIVATE BUSINESS IS STILL THE BEST SOURCE OF NEW JOBS. THEREFORE, I ALSO PROPOSE A NEW PROGRAM TO ENCOURAGE BUSINESSES TO HIRE YOUNG AND DISADVANTAGED AMERICANS. THESE YOUNG PEOPLE ONLY NEED SKILLS -- AND A CHANCE -- IN ORDER TO TAKE THEIR PLACE IN OUR ECONOMIC SYSTEM. LET'S GIVE THEM THE CHANCE THEY NEED. A MAJOR STEP FORWARD WILL BE EARLY PASSAGE OF THE GREATLY IMPROVED HUMPHREY-
HAWKINS BILL.

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MY BUDGET FOR 1979 ADDRESSES OUR NATIONAL NEEDS,
BUT IT IS LEAN AND TIGHT. I HAVE CUT WASTE WHEREVER
POSSIBLE.

I AM PROPOSING AN INCREASE OF LESS THAN
TWO PERCENT AFTER ADJUSTING FOR INFLATION -- THE
SMALLEST INCREASE IN THE FEDERAL BUDGET IN FOUR YEARS.

LATELY, FEDERAL SPENDING HAS TAKEN A STEADILY
INCREASING PORTION OF WHAT AMERICANS PRODUCE. OUR
NEW BUDGET REVERSES THAT TREND, AND LATER I HOPE TO
BRING THE GOVERNMENT'S TOLL DOWN EVEN FURTHER.

IN TIME OF HIGH EMPLOYMENT AND A STRONG ECONOMY,
DEFICIT SPENDING SHOULD NOT BE A FEATURE OF OUR BUDGET.
AS THE ECONOMY CONTINUES TO GAIN STRENGTH AND OUR
UNEMPLOYMENT RATES CONTINUE TO FALL, REVENUES WILL GROW.

WITH CAREFUL PLANNING, EFFICIENT MANAGEMENT, AND PROPER
RESTRAINT ON SPENDING, WE CAN MOVE RAPIDLY TOWARD A
BALANCED BUDGET -- AND WE WILL.

NEXT YEAR THE BUDGET DEFICIT WILL BE ONLY SLIGHTLY
LESS THAN THIS FISCAL YEAR -- BUT ONE-THIRD OF THE
DEFICIT IS DUE TO THE NECESSARY TAX CUTS I HAVE PROPOSED.

THIS YEAR THE RIGHT CHOICE IS TO REDUCE THE
BURDEN ON THE TAXPAYERS AND PROVIDE MORE JOBS FOR OUR
PEOPLE.

* * *

THE THIRD ELEMENT IN OUR PROGRAM IS A RENEWED
ATTACK ON INFLATION. WE HAVE LEARNED THE HARD WAY
THAT HIGH UNEMPLOYMENT WILL NOT PREVENT OR CURE INFLATION.

GOVERNMENT CAN HELP BY . . .

GOVERNMENT CAN HELP BY STIMULATING PRIVATE
INVESTMENT AND BY MAINTAINING A RESPONSIBLE ECONOMIC
POLICY. THROUGH A NEW TOP LEVEL REVIEW PROCESS, WE
WILL DO A BETTER JOB OF REDUCING GOVERNMENT REGULATION
THAT DRIVES UP COSTS AND PRICES.

BUT, AGAIN, GOVERNMENT ALONE CANNOT BRING DOWN
THE RATE OF INFLATION. WHEN A LEVEL OF HIGH INFLATION
IS EXPECTED TO CONTINUE COMPANIES RAISE PRICES TO PROTECT
THEIR PROFIT MARGINS AGAINST PROSPECTIVE INCREASES IN
WAGES AND OTHER COSTS, WHILE WORKERS DEMAND HIGHER WAGES
AS PROTECTION AGAINST EXPECTED PRICE INCREASES. IT'S
LIKE ESCALATION IN THE ARMS RACE AND, UNDERSTANDABLY,
NO ONE WANTS TO DISARM ALONE.

NO ONE FIRM OR GROUP OF WORKERS CAN HALT THIS
PROCESS. IT IS AN EFFORT WE MUST ALL MAKE TOGETHER.

I AM THEREFORE ASKING GOVERNMENT, BUSINESS, LABOR,
AND OTHER GROUPS TO JOIN IN A VOLUNTARY PROGRAM TO
MODERATE INFLATION BY HOLDING WAGE AND PRICE INCREASES.
IN EACH SECTOR OF THE ECONOMY DURING 1978 BELOW THE
AVERAGE INCREASES OF THE LAST TWO YEARS.

I DO NOT BELIEVE IN WAGE AND PRICE CONTROLS.
A SINCERE COMMITMENT TO VOLUNTARY CONSTRAINT PROVIDES
A WAY -- PERHAPS THE ONLY WAY -- TO FIGHT INFLATION
WITHOUT GOVERNMENT INTERFERENCE.

INSERT →

(AGRICULTURE PROBLEMS)

* * *

ECONOMIC SUCCESS AT HOME IS ALSO THE KEY TO
SUCCESS IN OUR INTERNATIONAL ECONOMIC POLICY.

AND EFFECTIVE ENERGY PROGRAM...

AN EFFECTIVE ENERGY PROGRAM, STRONG INVESTMENT AND
PRODUCTIVITY, AND CONTROLLED INFLATION WILL IMPROVE
OUR TRADE BALANCE AND HELP TO PROTECT THE INTEGRITY
OF THE DOLLAR OVERSEAS.

BY WORKING CLOSELY WITH OUR FRIENDS ABROAD WE
CAN PROMOTE THE ECONOMIC HEALTH OF THE WORLD WITH FAIR
AND BALANCED AGREEMENTS LOWERING BARRIERS TO TRADE.

DESPITE THE INEVITABLE PRESSURES WHICH DEVELOP
WHEN THE WORLD ECONOMY SUFFERS FROM HIGH UNEMPLOYMENT,
WE MUST FIRMLY RESIST THE DEMANDS FOR SELF-DEFEATING
PROTECTIONISM. BUT FREE TRADE MUST ALSO BE FAIR TRADE.

I AM DETERMINED TO PROTECT AMERICAN INDUSTRY AND WORKERS
AGAINST (UNFAIR OR ILLEGAL) FOREIGN TRADE PRACTICES, WHICH
ARE ↙ .

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IN A SEPARATE WRITTEN MESSAGE TO CONGRESS I HAVE
OUTLINED OTHER DOMESTIC INITIATIVES, SUCH AS WELFARE
REFORM, CONSUMER PROTECTION, BASIC EDUCATION SKILLS,
URBAN POLICY, REFORM OF OUR LABOR LAWS, AND NATIONAL
HEALTH CARE. I WILL NOT REPEAT THOSE HERE TONIGHT,
BUT THERE ARE SEVERAL POINTS I WOULD LIKE TO MAKE
DIRECTLY TO YOU.

* * *

DURING THESE PAST YEARS AMERICANS HAVE SEEN
OUR GOVERNMENT GROW FAR FROM US.

FOR SOME CITIZENS IT HAS BECOME ALMOST LIKE A
FOREIGN COUNTRY, SO STRANGE AND DISTANT THAT OFTEN WE
HAVE TO DEAL WITH IT THROUGH TRAINED AMBASSADORS WHO HAVE
SOMETIMES BECOME TOO POWERFUL AND INFLUENTIAL -- LAWYERS,
ACCOUNTANTS, AND LOBBYISTS.

THIS CANNOT GO ON . . .

THIS CANNOT GO ON.

WE MUST HAVE WHAT ABRAHAM LINCOLN SOUGHT --
A GOVERNMENT FOR THE PEOPLE.

WE HAVE MADE PROGRESS TOWARD THAT KIND OF GOVERNMENT.
YOU HAVE GIVEN ME THE AUTHORITY I REQUESTED TO REORGANIZE
THE FEDERAL BUREAUCRACY, AND I AM USING IT.

WE HAVE ALREADY BEGUN A SERIES OF REORGANIZATION
PLANS WHICH WILL BE COMPLETED OVER A PERIOD OF THREE
YEARS.

WE HAVE ALSO PROPOSED ABOLISHING ALMOST 500
FEDERAL ADVISORY COMMISSIONS AND BOARDS.

BUT I KNOW THAT OUR PEOPLE ARE STILL SICK AND
TIRED OF FEDERAL PAPERWORK AND RED TAPE. BIT BY BIT

...WE ARE CHOPPING DOWN...

WE ARE CHOPPING DOWN THE THICKET OF UNNECESSARY FEDERAL
REGULATIONS BY WHICH GOVERNMENT TOO OFTEN INTERFERES
IN OUR PERSONAL LIVES AND BUSINESS. WE HAVE CUT THE
PUBLIC'S FEDERAL PAPERWORK LOAD BY 12 PERCENT IN LESS
THAN A YEAR. AND WE ARE NOT THROUGH CUTTING.

WE HAVE MADE A GOOD START ON TURNING THE
GOBBLEDYGOOK OF FEDERAL REGULATIONS INTO PLAIN ENGLISH
THAT PEOPLE CAN UNDERSTAND, BUT WE STILL HAVE A LONG
WAY TO GO.

WE HAVE BROUGHT TOGETHER PARTS OF ELEVEN GOVERNMENT
AGENCIES TO CREATE THE NEW DEPARTMENT OF ENERGY -- AND NOW
IT IS TIME TO TAKE ANOTHER MAJOR STEP BY CREATING A
SEPARATE DEPARTMENT OF EDUCATION.

BUT EVEN THE BEST-ORGANIZED....

BUT EVEN THE BEST-ORGANIZED GOVERNMENT WILL
ONLY BE AS EFFECTIVE AS THE PEOPLE WHO CARRY OUT ITS
POLICIES.

FOR THIS REASON, I CONSIDER CIVIL SERVICE REFORM
TO BE ABSOLUTELY VITAL. WORKED OUT WITH THE CIVIL
SERVANTS THEMSELVES, THIS REORGANIZATION PLAN WILL RESTORE
THE MERIT PRINCIPLE TO A SYSTEM WHICH HAS GROWN INTO
A BUREAUCRATIC MAZE. IT WILL PROVIDE GREATER MANAGEMENT
FLEXIBILITY AND BETTER REWARDS FOR BETTER PERFORMANCE.
WITHOUT COMPROMISING JOB SECURITY.

THEN AND ONLY THEN CAN WE HAVE A GOVERNMENT THAT
IS EFFICIENT, OPEN, AND TRULY WORTHY OF OUR PEOPLE'S
UNDERSTANDING AND RESPECT.

I HAVE PROMISED WE WILL HAVE SUCH A GOVERNMENT.

I INTEND TO KEEP THAT PROMISE.

* * *

IN OUR FOREIGN POLICY, THE SEPARATION OF OUR
PEOPLE FROM GOVERNMENT HAS BEEN A SOURCE OF WEAKNESS
AND ERROR. IN A DEMOCRATIC SYSTEM LIKE OURS, FOREIGN
POLICY DECISIONS MUST BE ABLE TO STAND THE TEST OF
PUBLIC EXAMINATION AND DEBATE. IF WE MAKE A MISTAKE
IN THIS ADMINISTRATION, IT WILL BE ON THE SIDE OF
FRANKNESS AND OPENNESS WITH THE AMERICAN PEOPLE.

IN OUR MODERN WORLD WHEN THE DEATHS OF MILLIONS
CAN RESULT FROM A FEW TERRIFYING SECONDS OF DESTRUCTION,
THE PATH TO NATIONAL STRENGTH AND SECURITY IS IDENTICAL
WITH THE PATH TO PEACE.

TONIGHT I AM HAPPY TO REPORT . . .

TONIGHT I AM HAPPY TO REPORT THAT BECAUSE WE ARE
STRONG OUR NATION IS AT PEACE WITH THE WORLD.

WE ARE A CONFIDENT NATION. WE HAVE RESTORED
A MORAL BASIS FOR OUR FOREIGN POLICY. THE VERY HEART
OF OUR IDENTITY AS A NATION IS OUR FIRM COMMITMENT TO
HUMAN RIGHTS.

WE STAND FOR HUMAN RIGHTS BECAUSE WE BELIEVE
THAT THE PURPOSE OF GOVERNMENT IS TO PROMOTE THE
WELL-BEING OF ITS CITIZENS. THIS IS TRUE IN OUR
DOMESTIC AND IN OUR FOREIGN POLICY. THE WORLD MUST KNOW
THAT IN SUPPORT OF HUMAN RIGHTS THE UNITED STATES WILL
STAND FIRM.

WE EXPECT NO QUICK OR EASY RESULTS, BUT THERE
HAS BEEN SIGNIFICANT MOVEMENT TOWARD GREATER FREEDOM
AND HUMANITY IN SEVERAL PARTS OF THE WORLD.

THOUSANDS OF POLITICAL PRISONERS HAVE BEEN
FREED. THE LEADERS OF THE WORLD -- EVEN OUR IDEOLOGICAL
ADVERSARIES -- NOW SEE THAT THEIR ATTITUDE TOWARD
FUNDAMENTAL HUMAN RIGHTS AFFECTS THEIR STANDING IN THE
INTERNATIONAL COMMUNITY AND THEIR RELATIONS WITH THE
UNITED STATES.

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TO SERVE THE INTERESTS OF EVERY AMERICAN,
OUR FOREIGN POLICY HAS THREE MAJOR GOALS.

OUR FIRST AND PRIME CONCERN IS AND WILL REMAIN
THE SECURITY OF OUR COUNTRY.

SECURITY IS BASED ON OUR NATIONAL WILL AND
ON THE STRENGTH OF OUR ARMED FORCES. WE HAVE THE
WILL, AND MILITARILY WE ARE VERY STRONG.

SECURITY ALSO COMES THROUGH . . .

SECURITY ALSO COMES THROUGH THE STRENGTH OF
OUR ALLIANCES. WE HAVE REAFFIRMED OUR COMMITMENT
TO THE DEFENSE OF EUROPE, AND THIS YEAR WE WILL
DEMONSTRATE THAT COMMITMENT BY FURTHER MODERNIZING
AND STRENGTHENING OUR MILITARY CAPABILITIES THERE.

SECURITY CAN ALSO BE ENHANCED BY AGREEMENTS
WITH POTENTIAL ADVERSARIES WHICH REDUCE THE THREAT OF
NUCLEAR DISASTER WHILE MAINTAINING OUR OWN RELATIVE
STRATEGIC CAPABILITY.

IN AREAS OF PEACEFUL COMPETITION WITH THE SOVIET
UNION WE WILL CONTINUE TO MORE THAN HOLD OUR OWN.

AT THE SAME TIME WE ARE NEGOTIATING WITH QUIET
CONFIDENCE, WITHOUT HASTE, WITH CAREFUL DETERMINATION
TO EASE THE TENSIONS BETWEEN US AND TO ENSURE GREATER
STABILITY AND SECURITY.

THE STRATEGIC ARMS LIMITATION TALKS HAVE BEEN
DIFFICULT AND PROLONGED. WE WANT A MUTUAL LIMIT ON
THE QUALITY AND QUANTITY OF THE GIANT NUCLEAR ARSENALS
OF BOTH NATIONS -- AND THEN ACTUAL REDUCTIONS IN
STRATEGIC ARMS AS A MAJOR STEP TOWARD ULTIMATE ELIMINATION
OF NUCLEAR WEAPONS FROM THE FACE OF THE EARTH.

IF THE TALKS RESULT IN AN AGREEMENT THIS YEAR --
AND I TRUST THEY WILL -- I PLEDGE TO YOU THAT THE
AGREEMENT WILL MAINTAIN AND ENHANCE THE STABILITY OF
THE WORLD'S STRATEGIC BALANCE AND THE SECURITY OF THE
UNITED STATES.

* * *

FOR 30 YEARS, CONCERTED BUT UNSUCCESSFUL EFFORTS
HAVE BEEN MADE TO BAN THE TESTING OF ATOMIC EXPLOSIVES --
BOTH MILITARY WEAPONS AND PEACEFUL NUCLEAR DEVICES.

WE ARE HARD AT WORK . . .

WE ARE HARD AT WORK WITH GREAT BRITAIN AND THE
SOVIET UNION ON AN AGREEMENT WHICH WILL STOP TESTING,
AND WILL PROTECT OUR NATIONAL SECURITY AND PROVIDE FOR
ADEQUATE VERIFICATION OF COMPLIANCE.

WE ARE NOW MAKING PROGRESS TOWARD THIS COMPREHENSIVE
BAN ON NUCLEAR EXPL[^]SIONS.

* * *

WE ARE ALSO WORKING VIGOROUSLY TO HALT THE
PROLIFERATION OF NUCLEAR WEAPONS AMONG THE NATIONS
OF THE WORLD, AND TO REDUCE THE DEADLY GLOBAL TRAFFIC
IN CONVENTIONAL ARMS SALES. OUR STAND FOR PEACE IS
SUSPECT IF WE ARE ALSO THE PRINCIPAL ARMS MERCHANT
OF THE WORLD. SO WE HAVE DECIDED TO CUT DOWN OUR
ARMS TRANSFERS ABROAD, ON A YEAR-BY-YEAR BASIS, AND
TO WORK WITH OTHER MAJOR ARMS EXPORTERS TO ENCOURAGE
THEIR SIMILAR RESTRAINT.

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EVERY AMERICAN HAS A STAKE IN OUR SECOND MAJOR GOAL -- A WORLD AT PEACE. IN A NUCLEAR AGE, EACH OF US IS THREATENED WHEN PEACE IS NOT SECURED.

WE ARE TRYING TO PROMOTE HARMONY IN THOSE PARTS OF THE WORLD WHERE MAJOR DIFFERENCES AMONG OTHER NATIONS THREATEN INTERNATIONAL PEACE.

IN THE MIDDLE EAST WE ARE CONTRIBUTING OUR GOOD OFFICES TO MAINTAIN THE MOMENTUM OF THE CURRENT NEGOTIATIONS -- AND TO KEEP OPEN THE LINES OF COMMUNICATION AMONG THE MIDDLE EAST LEADERS. THE WHOLE WORLD HAS A GREAT STAKE IN THE SUCCESS OF THESE EFFORTS. THIS IS A PRECIOUS OPPORTUNITY FOR THE HISTORIC SETTLEMENT OF A LONGSTANDING CONFLICT -- AN OPPORTUNITY WHICH MAY NOT COME AGAIN IN OUR LIFETIME.

OUR ROLE HAS BEEN . . .

OUR ROLE HAS BEEN DIFFICULT, AND SOMETIMES
THANKLESS AND CONTROVERSIAL, BUT IT HAS BEEN CONSTRUCTIVE
AND NECESSARY -- AND IT WILL CONTINUE.

* * *

OUR THIRD MAJOR FOREIGN POLICY GOAL IS ONE THAT
TOUCHES THE LIFE OF EVERY AMERICAN CITIZEN, EVERY DAY:
WORLD ECONOMIC GROWTH AND STABILITY.

THIS REQUIRES STRONG ECONOMIC PERFORMANCE BY
THE INDUSTRIALIZED DEMOCRACIES AND PROGRESS IN RESOLVING
THE GLOBAL ENERGY CRISIS. LAST FALL, WITH THE HELP
OF OTHERS, WE SUCCEEDED IN OUR VIGOROUS EFFORTS TO
MAINTAIN STABILITY IN THE PRICE OF OIL. BUT AS MANY
FOREIGN LEADERS HAVE EMPHASIZED, THE GREATEST FUTURE
CONTRIBUTION AMERICA CAN MAKE TO THE WORLD ECONOMY WOULD
BE AN EFFECTIVE ENERGY CONSERVATION PROGRAM HERE AT HOME.

WE WILL NOT HESITATE TO TAKE THE ACTIONS NEEDED TO
PROTECT THE INTEGRITY OF THE DOLLAR.

WE ARE TRYING TO DEVELOP A MORE JUST INTERNATIONAL
SYSTEM. IN THIS SPIRIT, WE ARE SUPPORTING THE STRUGGLE
FOR HUMAN DEVELOPMENT IN ASIA, AFRICA, AND LATIN AMERICA.

* * *

FINALLY, THE WORLD IS WATCHING TO SEE HOW WE
ACT ON ONE OF OUR MOST IMPORTANT ITEMS OF BUSINESS:
APPROVAL OF THE PANAMA CANAL TREATIES. THE TREATIES
NOW BEFORE THE SENATE ARE THE RESULT OF THE WORK OF
FOUR ADMINISTRATIONS -- TWO DEMOCRATIC AND TWO REPUBLICAN.
THEY GUARANTEE THAT THE CANAL WILL BE OPEN ALWAYS FOR
UNRESTRICTED USE BY THE SHIPS OF THE WORLD. OUR SHIPS
HAVE THE RIGHT TO GO TO THE HEAD OF THE LINE FOR PRIORITY
OF PASSAGE IN TIMES OF NEED OR EMERGENCY.

WE RETAIN THE PERMANENT . . .

WE RETAIN THE PERMANENT RIGHT TO DEFEND THE
CANAL WITH OUR OWN MILITARY FORCES IF NECESSARY TO
GUARANTEE ITS OPENNESS AND NEUTRALITY. THE TREATIES
ARE TO THE CLEAR ADVANTAGE OF OURSELVES, THE PANAMANIANS,
AND THE OTHER USERS OF THE CANAL. RATIFYING THE PANAMA
CANAL TREATIES WILL DEMONSTRATE OUR GOOD FAITH TO THE
WORLD, DISCOURAGE THE SPREAD OF HOSTILE IDEOLOGIES IN
THIS HEMISPHERE, AND DIRECTLY CONTRIBUTE TO THE
ECONOMIC WELLBEING AND SECURITY OF THE UNITED STATES.

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THERE WERE TWO MOMENTS ON MY RECENT JOURNEY
WHICH, FOR ME, CONFIRMED WHAT THE FINAL AIMS OF OUR
FOREIGN POLICY MUST ALWAYS BE. ONE WAS IN A VILLAGE
IN INDIA, WHERE I MET PEOPLE AS PASSIONATELY ATTACHED
TO THEIR RIGHTS AND LIBERTIES AS WE ARE --

...BUT WHOSE CHILDREN...

BUT WHOSE CHILDREN HAVE A FAR SMALLER CHANCE FOR GOOD
HEALTH, EDUCATION, AND HUMAN FULFILLMENT THAN A CHILD
BORN IN THIS COUNTRY. THE OTHER WAS IN WARSAW, CAPITAL
OF A NATION TWICE DEVASTATED BY WAR IN THIS CENTURY.
THERE, PEOPLE HAVE REBUILT THE CITY WHICH WAR'S
DESTRUCTION TOOK FROM THEM; BUT WHAT WAS NEW ONLY
EMPHASIZED HOW MUCH HAD BEEN LOST. WHAT I SAW IN THOSE
TWO PLACES CRYSTALLIZED THE PURPOSES OF OUR OWN COUNTRY'S
POLICY: TO ENSURE ECONOMIC JUSTICE, TO ADVANCE HUMAN
RIGHTS, TO RESOLVE CONFLICTS WITHOUT VIOLENCE, AND TO
PROCLAIM OUR CONSTANT FAITH IN THE LIBERTY AND DIGNITY
OF HUMAN BEINGS EVERYWHERE.

* * *

WE AMERICANS HAVE A GREAT DEAL OF WORK TO DO
TOGETHER.

IN THE END, HOW WELL WE DO . . .

IN THE END, HOW WELL WE DO THAT WORK WILL
DEPEND ON THE SPIRIT IN WHICH WE APPROACH IT.

WE MUST SEEK FRESH ANSWERS, UNHINDERED BY THE
STALE PRESCRIPTIONS OF THE PAST.

IT HAS BEEN SAID THAT OUR BEST YEARS ARE
BEHIND US, BUT I SAY AGAIN THAT AMERICA'S BEST IS
STILL AHEAD. WE HAVE EMERGED FROM BITTER EXPERIENCES
CHASTENED BUT PROUD, CONFIDENT ONCE AGAIN, READY
TO FACE CHALLENGES ONCE AGAIN, UNITED ONCE AGAIN.

* * *

WE COME TOGETHER TONIGHT AT A SOLEMN TIME.
LAST WEEK THE SENATE LOST A GOOD AND HONEST MAN,
LEE METCALF OF MONTANA.

TODAY THE FLAG OF THE UNITED STATES FLEW AT
HALF-MAST FROM THIS CAPITOL AND FROM AMERICAN
INSTALLATIONS AND SHIPS ALL OVER THE WORLD, IN MOURNING
FOR SENATOR HUBERT HUMPHREY.

BECAUSE HE EXEMPLIFIED SO WELL THE JOY AND
ZEST OF LIVING, HIS DEATH REMINDS US NOT SO MUCH OF
OUR OWN MORTALITY BUT OF THE POSSIBILITIES OFFERED TO
US BY LIFE. HE ALWAYS LOOKED TO THE FUTURE WITH A
SPECIAL AMERICAN KIND OF CONFIDENCE, OF HOPE AND
ENTHUSIASM. THE BEST WAY WE CAN HONOR HIM IS BY
FOLLOWING HIS EXAMPLE.

OUR TASK, IN THE WORDS OF SENATOR HUMPHREY, IS
"RECONCILIATION, REBUILDING, AND REBIRTH."

RECONCILIATION OF PRIVATE NEEDS . . .

RECONCILIATION OF PRIVATE NEEDS AND INTERESTS
INTO A HIGHER PURPOSE.

REBUILDING THE OLD DREAMS OF JUSTICE AND
LIBERTY, OF COUNTRY AND COMMUNITY.

REBIRTH OF OUR FAITH IN THE COMMON GOOD.

EACH OF US HERE TONIGHT -- AND ALL WHO ARE
LISTENING IN YOUR HOMES -- MUST REDEDICATE OURSELVES
TO SERVING THE COMMON GOOD. WE ARE A COMMUNITY, A
BELOVED COMMUNITY, ALL OF US; OUR FATES ARE LINKED;
OUR FUTURES INTERTWINED; AND IF WE ACT IN THAT KNOWLEDGE
AND WITH THAT SPIRIT TOGETHER WE CAN MOVE MOUNTAINS.

#

The Strategic Arms Limitation Talks
are continuing. We negotiate from
a position of strength, without
haste but with careful determination.
We want a mutual limit on both
qualitative and quantitative improvement
in nuclear arsenals. Then actual
reductions in ^{strategic arms capability} ~~atomic weapons~~ as a
major step toward the ultimate
elimination of nuclear ^{weapons} ~~explosives~~ ~~weapons~~ from
the face of the earth.

for 30 years concerted efforts

have been made to ban the

testing of atomic explosives - both

military weapons and peaceful

nuclear devices We are hard at

work with Great Britain and the

Soviet Union to reach an

agreement which will protect our

national security and provide for

adequate verification of compliance.

We are making progress, and

determined to succeed.

President Sadat has taken a bold initiative in going to Jerusalem, and Prime Minister Begin is moving to take advantage of this historic opportunity for ^{a comprehensive} peace. We are contributing our good offices to ensure uninterrupted communications among the leaders of the Middle East and to maintain the momentum of the current negotiations. We and the rest of the world have a heavy stake in the success of these efforts to reach agreement. It is a time for courage, for responsible flexibility, for accommodation of ancient conflicting ideas, and for ~~the~~ reticent and careful public statements.

But we still have economic
problems which you and I must
address together. Our underlying
inflation rate is still about 6%,
we have a large ~~an~~ trade deficit,
and among ~~where~~ some groups of
Americans the unemployment ^{rate} is still
very high.

V Jordan

1977 was a good year for

the economy of the United States.

Our nation has ^{been} rising by about 5%

a year and ~~is~~ will reach \$2 trillion

this year. The ~~unemployed~~ 4 million

new jobs are added, and the number

of unemployed dropped by more than

a million. (*) During the last six months

inflation was held down below 5%.

Corporate profits last year increased by

11 1/2%; business investments grew 8%.

(*) Here before have we had such

a high portion of our population holding

Jobs.

We are proud of this program, and determined
to keep it up!

change order
of items

GDP

I recommend to you that we
take early action to reform our
income tax system. ~~It should~~ We
can make it more equitable and
fair; we can make it simpler and
easier to understand; we can eliminate
unwarranted loopholes and special
privileges; and at the same time
we can and will reduce the income
tax burden on American citizens by
\$25 billion!

The eyes of the nation - indeed
the world - are upon the Congress
and the president to hammer out
an acceptable energy policy. We
have already forged a good
partnership to meet this responsibility.
Much progress has been made. We
are on the ^{threshold} ~~threshold~~ of success.
I believe we have the wisdom, the
courage and the ability to pass
this test of our national will.
We cannot - we must not - we will not
fail!

With clear advantages for ourselves,
the Panamanians and ^{also} people of other nations;
with a mutual commitment that the
Panama Canal will be open ~~for~~ permanently
for unrestricted use by the ships of
the world; with legitimate pride in
the tremendous engineering achievement of
its construction and operation, with
the right of our ships to expeditious
passage in times of need or emergency,
and with the right of the United
States to defend the canal if necessary
to guarantee its openness and neutrality,
~~I urge the Senate to ratify without~~
~~delay the Panama Canal Treaties which have~~
~~been negotiated by me and 3 other American Presidents.~~

See this
use
follows
first

You have given me the limited
authority I requested to reorganize
the federal government bureaucracy. I
do not intend to fail. We are
reducing paperwork and unnecessary
regulations. You have already approved
three reorganization plans, and several
others will soon be presented to the
Congress for action this year. ^{Almost 500} The
Advisory Commissions and boards have been abolished.
~~New Department of Energy~~ Eleven government
agencies ~~will~~ have been brought together to
create the new Department of Energy. Now
it is time to take another major step.
We need a new Department of Education!

*Talk to people
Acknowledge Govt limits
Preach - inspire*

State of the Union

I. I have discussed many initiatives taken by this Administration, not only our successes but our plans for the future. However, the greatest success is not measured in programs, legislation, or dollars. It is a success that belongs to every individual American. We have entered a period of tranquility and healing. There is across the land, an inner peace triggered by a growing unity in America. After nearly two decades of confrontation in our society, there is emerging a search for accommodation, for unity. From this can be forged a common purpose and the rebirth of a common national community. This abstract success has been forged by millions of ordinary Americans and it towers over all our efforts in Washington and serves as an illuminating lantern for all of us who claim to lead.

II. This new atmosphere demands new spirit. It demands the recognition of certain truths by the government. It demands the recognition of certain responsibilities by the people. It demands a newly defined partnership between those who lead and those who elect.

First, the government must recognize that there are limits to its role and function. It cannot, nor should alone solve all of our problems, set our goals, define our vision. Government can inspire, can set examples, set guidelines, can marshal resources. But it cannot alone solve poverty, provide a bountiful economy, save cities, cure illiteracy, provide energy, nor mandate goodness. Only a true partnership can accomplish these goals.

Those who govern must understand that billions of dollars, thousands of programs, and hundreds of laws are no substitute for real creativity, real competence, and real compassion. The currencies of this partnership are truth, the courage to face hard decisions, sensitivity to the people, and a basic faith and trust in the wisdom and strength of the American people.

Those who govern must seek fresh answers, unhindered by the state and backwards looking prescriptions that are offered in the name of outmoded liberalism and outwoven conservatism. For example:

In economics, we must be prepared to admit that many of the traditional tools of economics have failed us. Concurrent high unemployment and double digit

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inflation have turned economic promises into ashes in the mouths of every consumer. The government must search for creative new ways to counter new economic realities. Macro-economics must be complimented by microeconomic efforts that permit flexible, bold efforts to deal with the unique economic problems of individual communities. Creative suggestions to inflation that cripple the average American -- food, clothing, health, housing -- must be explored.

*basics
teaching*

In education, an area that touches every American, we must recognize that money will not necessarily produce educated young men and women. We must explore the purpose, the goals, and the procedures by which education is carried out. We must examine the functions of various governments in this field and recognize that a true partnership of government, educators, and parents is the only structure that guarantees success in this field.

Crime will not yield to simple rhetoric whether that rhetoric lands greater social reform or greater police powers. Again, government must initiate a partnership between itself, the courts, the police, local communities, and ordinary individuals if creative, fair, and effective policies are to be found.

Cities will not be saved by money alone. Billions of dollars and hundreds of new programs do not ensure success. To singularly advocate those solutions in the face of past failure is to perpetuate a cruel hoax. Old answers and new money are not the answer. We must seek out new, creative solutions to the problems of individual communities. There is no uniform answer to the diverse problems of various cities. The Federal government can provide resources, but the states must have consistent investment plans, communities must have projects that are supported by their people. Finally, we must recognize that in the neighborhoods themselves, reside the talents, the dreams, and the determination that can help shape success.

Finally, the government has an obligation to move away from the crisis management of our problems. The issues faced today and tomorrow are so complicated and interrelated that last minute efforts demand too great a price. We must think about long term planning, the identifying of problems and their consequences in advance of their imminent arrival. Those who lead must be prepared to outline the shadowy problems on the horizon before they become storm crisis breaking over us. Those who elect must be willing to recognize that need and demand more than simple short term activities.

Never again can we afford to neglect a coming crisis like energy until it is upon us, forcing painful and harsh solutions when easier efforts taken years before could have spared the country much of the agony.

III. These are some of the tasks and obligations a partnership springing from a new spirit impose on governments. However, the demands on individual Americans are just as great if we are to have real communities and real partnerships between the people and their leaders. These areas of commitment must be addressed.

The first of these is community participation and volunteerism. Governmental agencies alone cannot be successful. Individual Americans must be prepared to lend a hand in shaping the future. Citizenship requires more than voting and paying taxes. It requires an interest and involvement in one's own community. Voluntary efforts can provide a drive, a commitment, and an idealism that no agency can duplicate. The key to communities in America lies more in the hands of every contributing American than in a President or a Congress.

Second, a true community lies in the goodness and concern that every American shows another. Governments can pass laws outlawing discrimination and protecting basic civil rights. That is not enough. It provides a structure not brotherhood and love. While America has taken giant strides toward equality, the journey is barely begun. The unity of a new spirit requires more than passive tolerance toward different ideas, different skin color, different religions. It requires an active search for understanding, for compassion, for common purpose, for love. It demands enormous efforts to overcome the inherited millstones of prejudice, hatred, and fear. In the final analysis, a beloved community is the measure of our commitment to one another as fellow citizens and fellow human beings. For this, no President or Congress has the answer, it lies in the heart of each individual American.

Finally, if America is to continue to turn from internal confrontation to a concensus vision of the future, then the citizenry must be involved in the evolution process. One who has traveled the country over the past two years cannot help being struck by the desire of Americans, whether businessmen, laborers, environmentalists, minorities, etc. to set aside the symbols of confrontation and seek an accomodation of common purpose. Special interest is giving way to common good. This is truly an area of maximum partnership between government and the populace. Neither the President nor the Congress can singularly give definition and coherence to national character, national goals, or national vision. However, over recent years the public has become more isolated from the government and it's leaders. It has no functional

way of participating in the formulation of the future. Government can devote energy and resources on developing a process that permits masses of citizens a way to become involved in defining future goals, policy solutions, social tradeoffs, and hence, real consensus. Such an effort would demand that individuals and groups seek not the triumph of their own special interests but a national vision for the common good. It requires the interest, voice, and participation of every American in forging with the institutions a consensus for the future, both goals and policy. Only a new spirit and commitment to community can insure success.

THE WHITE HOUSE
WASHINGTON

1/18/78

Mr. President:

The Chief Justice wanted you to know that, by tradition, the Supreme Court will applaud you as you enter, and as you leave, but not during the address.

Rick

THE WHITE HOUSE
WASHINGTON

State
1
Amir